

CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
BOND FINANCING PROGRAM
Meeting Date: September 18, 2012
Request for Amendment to Initial Resolution

Prepared by: *Deanna Hamelin*

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| Applicant: | NASA Services, Inc. and/or its Affiliates | Amount Requested: | \$15,000,000 (TE) \$900,000 (TX) |
| | | Application No.: | 858(SB) |
| Project Location: | Cities of Montebello and Pico Rivera (Los Angeles County) | Initial Resolution No.: | 12-04 |
| | | Prior Action: | IR Approved 5/15/12 |

Summary. NASA Services, Inc. and/or its Affiliates (“NASA” or the “Company”) requests approval of an amendment to Initial Resolution Number 12-04 for an amount not to exceed \$15,900,000 to delete two project locations, 901 Union Street in Montebello and 1746 Naud Street in Los Angeles and to add new project locations, 1100 and 1112 South Maple Avenue in Montebello. The Company decided not to renew the lease at the Naud Street site and concluded that the purchase of the Union Street site was too expensive. NASA has been interested in purchasing the South Maple Avenue sites due to its close proximity to current Company operations and made an offer when the property came up for sale.

The Initial Resolution was approved on May 15, 2012 in the amount of \$15,900,000 to finance the acquisition and installation of waste collection equipment, which includes CNG powered collection and service vehicles, bins, carts, tubs and containers, to provide waste collection and recycling services pursuant to a contract approved by the City of Pico Rivera. In addition, bond proceeds will be used to acquire a site and existing buildings along with CNG powered collection and service vehicles to be used throughout the Company’s service area.

The Company anticipates that the project will provide waste diversion, air quality, and recycling benefits.

Borrower. NASA Services, Inc. is a family owned and operated company which was incorporated in California in 2006. The Company provides waste disposal and recycling services to residential, commercial, and industrial customers throughout southern California.

The principal stockholders of the Company are as follows:

| | |
|---------------------|--------------------|
| Arsen Sarkisian | 41% |
| Nick Sarkisian | 41% |
| Sam Sarkisian | 9% |
| Elizabeth Sarkisian | <u>9%</u> |
| Total: | <u>100%</u> |

Legal Questionnaire. The Staff has reviewed the Company’s responses to the questions contained in the Legal Status portion of the Application. No information was disclosed in the Legal Status portion of the Application that raises questions concerning the financial viability or legal integrity of this applicant.

Project Description. The Company was awarded a contract by the City of Pico Rivera to provide waste disposal and recycling services to its business and residential customers. Bond proceeds will be used for the acquisition of waste collection equipment such as containers, bins, carts, tubs, and CNG powered collection and service vehicles to provide residential and commercial waste collection and recycling services to the City of Pico Rivera (Los Angeles County) pursuant to a contract approved by its City Council.

In addition, bond proceeds will be used for the acquisition of a 2.85-acre site on South Maple Avenue and existing buildings, CNG powered vehicles and installation of a truck wash and natural gas fueling station.

Taxable bonds will be used to refinance existing mortgage debt.

Volume Cap Allocation. The Company anticipates applying to the Authority for volume cap allocation in October of 2012.

Financing Details. The Company anticipates the issuance of negotiated tax exempt and taxable bonds.

Financing Team.

Underwriter: Gates Capital Corporation

Bond Counsel: Kutak Rock LLP

Issuer's Counsel: Office of the Attorney General

Staff Recommendation. Staff recommends approval of the amendment to Initial Resolution No. 12-04 for NASA Services, Inc. and/or its Affiliates for an amount not to exceed \$15,900,000.

Note: An Initial Resolution approval is not a commitment that the Board will approve a Final Resolution and bond financing of the proposed Project.

**AMENDMENT OF RESOLUTION OF OFFICIAL INTENT TO
ISSUE BONDS TO FINANCE SOLID WASTE DISPOSAL FACILITIES FOR
NASA SERVICES, INC. AND/OR ITS AFFILIATES**

September 18, 2012

WHEREAS, the California Pollution Control Financing Authority (“Authority”), a public instrumentality, is authorized and empowered by the provisions of the California Pollution Control Financing Authority Act (“Act”) to issue bonds for the purpose of defraying the cost of facilities for the disposal of solid and liquid waste products, including resource recovery and energy conversion facilities; and

WHEREAS, at the request of NASA Services, Inc., a California corporation, and/or its Affiliates (the “Company”), the Authority adopted its Initial Resolution No. 12-04 on May 15, 2012 (the “Initial Resolution”) in the amount of not to exceed \$15,900,000 to assist in the financing of (a) land and facilities, (b) equipment, rolling stock, vehicles and other equipment functionally related thereto and (c) drop boxes, bins, carts and containers to be located with customers, all for the collection, processing, transfer and recycling of solid waste as more fully described in the application (the “Application”) submitted by the Company (collectively, the “Project”), as further described in the Initial Resolution; and

WHEREAS, the Company has submitted an amendment to its Application to the Authority and has requested the Authority to amend the Initial Resolution in order to delete a project site and add a new project site; and

WHEREAS, Section 1.103-8(a)(5) and Section 1.150-2 of the Treasury Regulations require the Authority to declare its reasonable official intent to reimburse prior expenditures for the Project with proceeds of a subsequent borrowing;

NOW, THEREFORE, BE IT RESOLVED by the California Pollution Control Financing Authority, as follows:

Section 1. The Authority finds and determines that the foregoing recitals are true and correct.

Section 2. Exhibit A to the Initial Resolution is replaced by the attached Exhibit A.

Section 3. In connection with the inclusion of the Added Sites in the Amended Project, it is intended that this Resolution shall constitute “some other similar official action” towards the issuance of bonds within the meaning of Section 1.103-8(a)(5) of the Treasury Regulations and “official intent” within the meaning of Section 1.150-2 of the Treasury Regulations, each as applicable under Section 103 of the Internal Revenue Code of 1986, as amended. It is also intended that this statement of “official action” or “official intent” by the Authority shall continue in full force and effect even if this Resolution ceases to be effective for other purposes.

Section 4. Except as set forth in Section 2 and 3, all of the provisions of the Initial Resolution shall remain in full force and effect and are hereby ratified and confirmed. This Resolution shall take effect upon its adoption.

EXHIBIT A

NUMBER: 12-04

LOCATIONS: 1701 Gage Road
Montebello, CA 90640

1020 South Greenwood
Montebello, CA 90640

846 Truck Way
Montebello, CA 90640

1100 and 1112 South Maple Avenue
Montebello, CA 90640

City of Pico Rivera

TYPE: Solid Waste Disposal/Recycling Facilities

AMOUNT: Up to \$15,900,000